



State of Idaho

Legislative Services Office

Management Report

A communication to the Joint Finance-Appropriations Committee

IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY

FY 2005, 2006, and 2007

Report IC24507

Date Issued: June 12, 2008

Serving Idaho's Citizen Legislature



Don H. Berg, Manager

**Idaho Legislative Services Office
Legislative Audits Division**

**IDAHO DEPARTMENT OF
ENVIRONMENTAL QUALITY**

SUMMARY

PURPOSE OF MANAGEMENT REVIEW

We conducted a management review of the Idaho Department of Environmental Quality covering the fiscal years ended June 30, 2005, 2006, and 2007. Our review covered general administrative procedures and accounting controls to determine that activities are properly recorded and reported.

The intent of this review was not to express an opinion, but to provide general assurance on internal controls and to raise the awareness of management and others of any conditions and control weaknesses that may exist and offer recommendations for improvement.

CONCLUSION

We did not identify any significant conditions or weaknesses in the general administrative and accounting controls of the Department.

FINDINGS AND RECOMMENDATIONS

There are no findings and recommendations in this report.

A copy of the entire report is available at <http://www.legislature.idaho.gov/audit/index.htm>, or by calling 208-334-4832.

PRIOR FINDINGS AND RECOMMENDATIONS

There were two findings and recommendations in the prior management report covering fiscal years 2002, 2003, and 2004. Both were closed in the 90-day follow-up report.

AGENCY RESPONSE

The Department has reviewed the report and is in general agreement with its contents.

FINANCIAL INFORMATION

The following financial data is for informational purposes only.

IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY – FINANCIAL SUMMARY

Fund	Title	Beginning Cash/Investment Balance	Receipts/ Transfers In	Disbursements/ Transfers Out	Ending Cash/Investment Balance
0001	General Fund	\$0	\$2,488,129	\$2,488,129	\$0
0185	Hazardous Waste Emergency	503,403	91,567	304,642	290,328
0186	Air Quality Permitting	1,129,153	1,468,356	1,342,000	1,255,509
0191	Public Water Supervision	1,302,376	1,396,440	1,727,900	970,916
0200	Water Pollution Control	996,080	4,865,609	3,095,400	2,766,289
0201	Environmental Remediation	8,848,580	1,938,413	475,557	10,311,436
0225	DEQ Operating	1,037,764	65,310,239	64,885,543	1,462,460
0489	Health & Welfare Trust Account	3,603,797	159,257	142,110	3,620,944
0511	Bunker Hill Consent Decree	2,632,252	266,046	259,186	2,639,112
0529	Clean Water State Revolving Fund	68,860,488	18,866,225	19,671,942	68,054,771
0532	Drinking Water State Revolving Fund	14,929,118	16,575,194	15,051,869	16,452,443
TOTALS		\$103,843,011	\$113,425,475	\$109,444,278	\$107,824,208

OTHER INFORMATION

We discussed other issues which, if changed, would improve internal control, compliance, and efficiency.

This report is intended solely for the information and use of the State of Idaho and the Idaho Department of Environmental Quality and is not intended to be used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the director, Toni Hardesty, and her staff.

ASSIGNED STAFF

Chris Farnsworth, CPA, Managing Auditor
J.E. Bowden, CPA, In Charge Auditor
Eric Bjork, Staff Auditor

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AGENCY RESPONSE



STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

1410 North Hilton • Boise, Idaho 83706 • (208) 373-0502

C.L. "Butch" Otter, Governor
Toni Hardesty, Director

May, 14, 2008

Mr. Don Berg, CGFM, Division Manager
Legislative Audits
954 West Jefferson
Boise, ID 83720

Re: Management Report

Dear Mr. Berg:

The Department of Environmental Quality has reviewed the Management Report on Internal Control prepared by your office and accepts the report.

We appreciate the hard work of your auditors, Eric Bjork and J.E. Bowden.

If you or your staff has any further questions, please contact Dave Sande, CPA, Financial Officer, at 373-0292.

Sincerely,

A handwritten signature in black ink, appearing to read "Toni", followed by a stylized flourish.

Toni Hardesty
Director

cc: Dave Sande, DEQ-Fiscal Office

APPENDIX

HISTORY

The Department of Environmental Quality (DEQ) was created July 1, 2000, to ensure clean air, water and land, and to protect Idaho citizens from the adverse health impacts of pollution. Prior to its creation, the Department was part of the Idaho Department of Health and Welfare.

STATUTORY AUTHORITY

The statutory authority of the Department is found primarily in Idaho Code, Title 39.

PURPOSE

The Department enforces various State environmental regulations and administers a number of federal protection laws, including the Clean Air Act, the Clean Water Act, and the Resource Conservation and Recovery Act. The Department's range of activities includes:

- Monitoring air and water quality
- Assessing environmental problems
- Overseeing facilities that generate air, water, and hazardous waste pollution
- Cleaning contaminated sites
- Educating and providing assistance to businesses, government agencies, and citizens

State Board of Environmental Quality

The Board comprises seven members who serve at the pleasure of the Governor. Each member is appointed to a four-year term. The Board can hold hearings, issue subpoenas, and interrogate witnesses to ensure compliance with environmental laws and regulations.

Department Overview

The Department has a main office in Boise, and regional offices in Coeur d'Alene, Idaho Falls, Lewiston, Pocatello and Twin Falls. The activities of the Department are separated into the following programs:

- The Air Quality Program ensures compliance with federal and State health-based air quality standards by monitoring air quality and collecting data; developing and issuing permits; and coordinating air quality improvement efforts among communities, businesses, industries, and governmental agencies.
- The Water Quality Program ensures that the State's surface, ground, and drinking water resources meet State and federal water quality standards by monitoring, assessing, and reporting on water quality.
- The Waste Management and Remediation Program ensures that waste generated in or entering Idaho is managed and disposed of in a manner protective of human health and the environment, and responds to release of hazardous waste to surface waters, ground waters, and soils.
- Planning and Special Projects prioritizes and evaluates the Department's efforts to fulfill its legislatively mandated environmental responsibilities, and produces strategic plans and annual reports.
- Technical Services provides scientific and engineering support to the Department's divisions and regions. This support includes, among other things, engineering reviews and construction inspections, air and water quality compliance and enforcement inspections, identifying and qualifying environmental problems, reviewing technical

aspects of air permit applications, industrial facility emission tests, and radioactive and mixed waste permits.

- Administrative Services provides support services that enable the Department to carry out its day-to-day activities. Major groups include the fiscal office, human resources, and information resources.
- INL Oversight and Radiation Control oversees activities of the Idaho National Engineering and Environmental Laboratory.

FUNDING

General Fund 0001

The Department receives General Fund appropriations primarily used for matching federal grants. Expenditures of General Fund money is for administrative purposes.

Hazardous Waste Emergency Fund 0185

Revenue in this fund comes from hazard waste penalties and cost recoveries. Expenditures are used for emergency cleanup of hazardous materials.

Idaho Air Quality Permitting Fund 0186

Revenue in this fund comes from regulatory fees collected from pollution sources that require permitting under Title V of the Federal Clean Air Act (Idaho Code, Section 39-118D). Expenditures are to monitor and regulate air quality.

Public Water System Supervision Fund 0191

Revenue comes from fees assessed on public drinking water systems, and is used to administer the drinking water program.

Water Pollution Control Fund 0200

This fund receives \$4,800,000 million from sales tax from the State Tax Commission and earns interest revenue. Money in this fund is used as State match for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund. Money is also used for water pollution control activities.

Environmental Remediation Fund 0201

This fund receives interest and revenue from settlements for remediation activities (Idaho Code, Section 39-3605C), as well as transfers from the Water Pollution Control Fund. The money in this fund is used for environmental cleanup, remediation and restoration, and can be used as match for superfund grants. (Idaho Code, Section 39-3606C).

Department of Environmental Quality Operating Fund 0225

This fund is the Department's main operating fund and comprises nine fund details. The details are used to capture different types of costs, including but not limited to, federal expenditures, State expenditures, drinking water regulatory costs, and water and air quality control costs. In some instances the revenue is received in other Department funds and is transferred to and expended from this fund.

Trust Fund 0489

This fund receives money from various settlements and consent decrees. Money is used as designated for the purposes of the trusts. Expenditures are for repairing damage caused by leaking underground storage tanks and other damage to the environment.

Bunker Hill Consent Decree Trust Fund 0511

This fund receives money from settling defendants as a result of a consent decree declaration. Money is used for blood lead screening, house dust testing, and other institutional control activities.

Clean Water State Revolving Fund 0529

The Clean Water State Revolving Fund is a federal program that provides low interest rate loans to municipalities to build or improve wastewater treatment plants. Loan repayments are received in this fund and become available for future loans.

Drinking Water State Revolving Fund 0532

The Drinking Water State Revolving Fund is a federal program that provides low interest rate loans to municipalities to build or improve drinking water treatment plants. Loan repayments are received in this fund and become available for future loans.

Department of Environmental Quality
Organizational Structure

